

SUMMARY ANALYSIS OF AMENDED BILL

Author: Costa Analyst: Kristina North Bill Number: SB 302
Related Bills: See previous analyses Telephone: 845-6978 Amended Date: 01/13/98
Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Farmworker Housing Credit/Based on Eligible Costs

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO **BOARD PENDING**.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would redefine the basis for the Farmworker Housing Credits as "eligible costs" and make other minor changes.

This analysis does not address the bill's changes to the Health and Safety Code regarding farmworker housing because the changes do not impact the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENT

The January 13, 1998, amendment removed language increasing the combined aggregate annual amount of the credit for construction or rehabilitation of farmworker housing and the credit for interest income on farmworker housing loans from \$500,000 to \$5 million.

The January 13, 1998, amendment removed the definition of "qualified amount" and references to "qualified expenditures" and instead would base the Farmworker Housing Credits on "eligible costs," as defined, and make other minor changes.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Department Director Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
___ X PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
Johnnie Lou Rosas 2/6/98

Agency Secretary Date

By: Date:

The January 13, 1998, amendment also made changes to the Health and Safety Code.

EFFECTIVE DATE

This bill would apply to taxable or income years beginning on or after January 1, 1999.

SPECIFIC FINDINGS

The discussion of current state law in the department's analysis of the bill as introduced February 7, 1997, still applies.

This bill would delete the definition for "qualified amount" and references to "qualified expenditures" and instead base the Farmworker Housing Credits on "eligible costs," defined as the total finance costs, construction costs, excavation costs, installation costs, and permit costs paid or incurred to construct or rehabilitate farmworker housing. Eligible costs would include, but would not be limited to, improvements to ensure compliance with laws governing access for persons with disabilities and costs related to reducing utility expenses. Eligible costs would not include land and those costs financed by grants and below market financing.

This bill would prohibit allocation of any credit in excess of the amount necessary to make the housing project feasible and delete the definition for "Employee Housing Act."

Implementation Considerations

The implementation of this bill would not significantly impact this department.

Technical Considerations

The January 13, 1998, amendment inadvertently deleted the requirement that the California Tax Credit Allocation Committee certify the total amount of credit to which a taxpayer is entitled based on a taxable (PITL) or income (B&CTL) year. The author's staff has indicated that the taxable or income year language will be reinstated.

Author's staff has indicated that a reference to "qualified expenditures" should have been replaced by "eligible costs" and will be corrected.

Author's staff will clarify that the B&CTL credit foregone interest income is based on an "income year."

FISCAL IMPACT

Departmental Costs

Since the committee certifies and allocates credit amounts and reports the information to the FTB, this bill would not significantly impact the department's costs.

Tax Revenue Estimate

The maximum credit allocation amount of \$500,000 that was used as the estimate for enactment of the current credit provisions has not been changed. Therefore, this bill would not impact state income tax revenue.

BOARD POSITION

Pending.